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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended
March 31, 1992

Commission File Number
0-19018

DAKOTA BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware	46-0415083
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

109 First Avenue Southeast, Watertown, South Dakota	57201-6000
(Address of principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (605) 886-6966

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of May 5, 1992, there were 562,720 outstanding shares of the registrant's Common Stock.

DAKOTA BANCORP, INC.

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PART I FINANCIAL INFORMATION
DAKOTA BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION

	March 31, 1992 (unaudited)	September 30, 1991
ASSETS		
Cash and Cash Equivalents	$11,052,931	$3,556,171
Investments:		
U.S. Government and Agency Securities	3,329,104	5,470,424
Mortgage-Backed Securities	18,575,581	17,003,565
Other Securities	1,703,000	1,627,100
Total Investments	23,607,685	24,101,089
Loans Held for Sale	389,000	267,000
Loans Receivable:		
Real Estate Loans	93,352,034	98,021,098
Commercial Loans	6,511,577	4,458,341
Consumer and Other Loans	13,111,995	11,763,472
Total Loans Receivable	112,975,606	114,242,911
Less Allowance for Loan Loss	2,529,394	2,395,709
Loans Receivable, Net	110,446,212	111,847,202
Bank Premises & Equipment, Net	1,353,490	1,366,944
Accrued Income Receivable	1,152,223	1,333,983
Real Estate Owned	885,496	1,390,648
Other Assets	530,169	889,677
TOTAL ASSETS	$149,417,206	$144,752,714
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total Deposits	$127,020,329	$123,382,865
Total Borrowings	2,100,000	2,000,000
Other Liabilities	3,459,659	2,943,334
Total Liabilities	132,579,988	128,326,199
Shareholders' Equity:		
Common Stock	5,623	5,616
Surplus	3,890,741	3,884,861
Retained Earnings	12,940,854	12,536,038
Total Shareholders' Equity	16,837,218	16,426,515
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$149,417,206	$144,752,714

*See Notes to Consolidated Financial Statements

PART I FINANCIAL INFORMATION
DAKOTA BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
INTEREST INCOME:				
Interest on Loans	$2,724,893	$2,803,157	$5,361,030	$5,718,432
Interest on Investments	546,775	611,760	1,143,876	1,124,271
Total Interest Income	3,271,658	3,414,917	6,504,906	6,842,703
INTEREST EXPENSE:				
Interest on Deposits	1,840,474	2,240,639	3,849,151	4,578,604
Interest on Borrowings	23,336	39,781	52,624	81,419
Total Interest Expense	1,863,810	2,280,420	3,901,775	4,660,023
NET INTEREST INCOME	1,407,848	1,134,497	2,603,131	2,182,680
Provision for Loan Losses	100,000	232,000	150,000	232,000
Net Interest Income After Provision for Loan Losses	1,307,848	902,497	2,453,131	1,950,680
NON-INTEREST INCOME:				
Service Charges on Deposits	73,284	41,396	129,687	104,324
Net Gains (Losses) on Securities Sales	–	–	48,483	–
Other Income	187,296	139,112	420,767	276,598
Total Non-Interest Income	260,580	180,508	598,937	380,922
NON-INTEREST EXPENSE:				
Salaries and Benefits	507,608	380,225	988,720	758,072
Occupancy Expenses	86,336	121,685	170,852	227,236
Federal Insurance Premium	69,474	67,976	138,948	135,951
Computer Service Expense	60,433	54,546	122,270	101,476
Net (Gain) Loss on Sale of Real Estate Owned Including Provision for Losses	109,941	11,605	137,941	11,605
Other Operating Expense	256,488	74,406	444,359	273,466
Total Non-Interest Expense	1,090,280	710,443	2,003,090	1,507,806
INCOME BEFORE TAXES	478,148	372,562	1,048,978	823,796
Income Taxes	277,462	243,135	509,333	393,983
NET INCOME	$ 200,686	$ 129,427	$ 539,645	$429,813
Earnings Per Common Share:				
Primary	$ .33	N/A	$ .94	N/A
Fully diluted	$ .33	N/A	$ .94	N/A
Dividends Declared Per Share	$ .12	N/A	$ .24	N/A

PART I FINANCIAL INFORMATION
DAKOTA BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net Income	$539,645	$429,813
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	72,832	94,336
Amortization of premiums and discounts on mortgage-backed and investment securities, net	(5,470)	(18,282)
Origination of loans held for sale	(3,429,000)	(1,435,000)
Proceeds from sale of loans	3,307,000	1,085,000
Deferred loan origination fees	(75,390)	(38,210)
Net (gain) losses on sales of real estate owned including provision for losses	137,941	11,605
Net (gain) losses on sales of securities	(48,483)	-
Provision for loan losses	150,000	232,000
Change in:		
Accrued interest receivable	181,760	(627)
Other assets	359,508	(391,540)
Accrued interest payable	(152,844)	21,179
Other liabilities	666,960	318,281
Net cash provided by operating activities	1,704,459	308,555
INVESTING ACTIVITIES:		
Net (increase) decrease in loans	1,133,369	(437,917)
Principal payments on mortgage-backed securities	1,214,758	623,897
Proceeds from maturities of investment securities	3,112,820	2,248,024
Investment in:		
Investment securities	(995,000)	-
Mortgage-backed securities	(4,696,253)	(4,709,869)
Federal Home Loan Bank stock	(52,400)	(52,800)
Office properties and equipment, net	(59,378)	(51,657)
Proceeds from sale of:		
Mortgage-backed securities	1,963,432	-
Real estate owned	560,222	278,653
Net cash provided by (used in) investing activities	2,181,570	(2,101,669)

FINANCING ACTIVITIES:		
Net increase in deposits	3,637,464	863,855
Net increase in borrowings	100,000	-
Net decrease in advances payments by borrowers for taxes	2,209	40,509
Proceeds from stock sale	5,887	-
Dividends paid	(134,829)	-
Net cash provided by financing activities .	$3,610,731	$904,364
Increase in cash and cash equivalents	7,496,760	(888,750)
Cash & cash equivalents, beginning.	3,556,171	6,898.580
Cash & cash equivalents, ending	$11,052,931	$6,009,830

DAKOTA BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(1) Basis of Presentation

The accompanying unaudited condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the condensed Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial condition of Dakota Bancorp, Inc. as of March 31, 1992 and September 30, 1991, and the results of its operations for the three and six months ended March 31, 1992 and 1991, and its cash flows for the six months ended March 31, 1992 and 1991. Financial Statement reclassifications have been made for 1991 to conform to classifications used in 1992.

(2) Earnings Per Share of Common Stock

Primary and fully diluted earnings per share of Common Stock is computed by dividing net income for the period by the weighted average number of common stock and common stock equivalents outstanding during the three and six month periods ended March 31, 1992. Weighted average number of shares used in the primary earnings per share computations were 571,355 and 571,261, for the three and six month periods ended March 31, 1992, respectively. Weighted average number of shares used in the fully diluted earnings per share computations were 572,316 and 572,222, for the three and six month periods ended March 31, 1992.

On January 21, 1992, the shareholders of the Company ratified the adoption of the Company's 1990 Stock Option and Incentive Plan. Pursuant to the Plan, 54,376 shares of the Company's Common Stock are reserved for issuance, of which the Company has granted options on 20,692 shares. As of March 31, 1992, outstanding options on 19,956 shares of the Company's Common Stock remain unexercised.

(3) Regulatory Capital Requirements

Pursuant to the Financial Institution Reform, Recovery, and Enforcement act of 1989 ("FIRREA"), as implemented by an interim final rule promulgated by the Office of Thrift Supervision, savings institutions must meet three separate minimum capital-to-asset requirements. The following table summarizes, as of March 31, 1992, the Bank's capital requirements under FIRREA and its actual capital ratios. As of March 31, 1992, First Federal Savings Bank substantially exceeded all current regulatory capital standards and further exceeds all capital requirements on a fully phased-in basis.

	Regulatory Capital Requirement		Actual Capital (Bank Only)	
	Amount	Percent	Amount	Percent
	(Dollars in Thousands)			
Risk-Based	$6,428	7.2%	$18,120	20.29%
Core Capital . . .	4,460	3.0	16,773	11.28
Tangible Capital. .	2,230	1.5	16,773	11.28

(4) Common Stock Cash Dividends

On October 25, 1991, the Board of Directors of Dakota Bancorp, Inc., declared a quarterly cash dividend of $.12 per share. The dividend was paid on November 15, 1991 to shareholders of record on November 7, 1991. The payment of the cash dividend reduced shareholders Equity by $67,388.

On February 20, 1992, the Board of Directors of Dakota Bancorp, Inc., declared a quarterly cash dividend of $.12 per share. The dividend was paid on March 20, 1992 to shareholders of record on March 3, 1992. The payment of the cash dividend reduced shareholder's equity by $67,441.

DAKOTA BANCORP, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Dakota Bancorp, Inc. (the "Company") conducts no business other than through its subsidiary, First Federal Savings Bank (the "Bank"). The Company's results of operations are primarily dependent on the Bank's net interest margin, which is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Interest income is a function of the average balances of interest-earning assets outstanding during the period and the average yields earned on such assets. Interest expense is a function of the average amount of interest-bearing liabilities outstanding during the period and the average rates paid on such liabilities. The Bank also generates non-interest income, such as income from service charges on deposits and other fees and charges. The Bank's net income is also affected by the level of its non-interest expenses, such as employee salaries and benefits, occupancy expenses and other expenses.

Financial Condition

Total consolidated assets of the Company were $149,417,206 at March 31, 1992, an increase of $4.6 million or 3.2% from September 30, 1991. The increase resulted primarily from an increase in deposits of $3.6 million. Cash and cash equivalents increased due to increases in deposits and proceeds from the refinancing of fixed-rate mortgage loans.

Total loans receivable decreased $1.4 million or 1.3% from September 30, 1991. The decrease was primarily due to repayment of principal on real estate loans. Consumer and other loans increased $1.3 million or 11.5% from $11.8 million at September 30, 1991 to $13.1 million at March 31, 1992. The Bank believes this increase was due in part to increased marketing efforts for consumer loans. Commercial loans increased $2.1 million or 46.1% from $4.4 million at September 30, 1991 to $6.5 million at March 31, 1992. Real estate loans decreased $4.7 million or 4.8% from September 1991. This is partially due to customers refinancing adjustable rate loans with fixed rate mortgage loans, which the Company endeavors to sell. In order to control its exposure to interest rate risk, the Company sells substantially all fixed-rate long-term mortgage loans originated pursuant to forward sales commitments. For the three and six months ended March 31, 1992, the Company sold $1.8 million and $3.3 million in fixed rate mortgage loans. The Company had commitments to sell $389,000 in fixed rate mortgage loans at March 31, 1992.

Mortgage-backed securities increased $1.6 million to $18.6 million at March 31, 1992 from $17.0 million at September 30, 1991. The increase in mortgage-backed securities was due to the reinvestment of proceeds from the maturities of U.S. Government Securities. The mortgage-backed securities were agency-backed fixed-rate pools with a short weighted average life.

Deposits increased $3.6 million or 2.9% to $127.0 million at March 31, 1992 from $123.4 million at September 30, 1991. Management believes the increase in deposits since September was due partially to customer inability to find other financial products with desirable yields.

Total borrowings increased $100,000 to provide the funding for a new low income loan program.

Asset/Liability Management

The Company continuously monitors and takes actions to control fluctuations in net interest income that results from the imbalance in the volume of assets and liabilities repricing during a period of time. In response to customer demand, the Company continues to originate fixed rate mortgage loans, however, substantially all of these loans are sold pursuant to forward sales commitments in order to manage its interest rate sensitivity. Management also mitigates its interest rate risk exposure by purchasing adjustable rate mortgage-backed securities and short-term investments. In addition, management favorably prices term deposits to encourage customers' use of longer term investments.

Notwithstanding the Company's actions to monitor and control interest rate risk, the Company has fewer assets that generally reprice or mature over one and three year periods than liabilities that reprice or mature during the same time periods. As a result, the Company will benefit during periods of declining interest rates; conversely, rising interest rates will adversely affect the Company.

Non-Performing Assets and Allowance for Loan Losses

The allowance for loan losses is calculated based upon an evaluation of pertinent factors underlying the types and qualities of the Company's loans. Management considers such factors as the repayment status of a loan, the estimated net realizable value of the underlying collateral, the borrower's ability to repay the loan, current and anticipated economic conditions which might affect the borrower's ability to repay the loan and the Company's past statistical history concerning charge-offs. Management, as a result of this review process, recorded provisions for loan losses in the amount of $100,000 for the three months ending March 31, 1992, as compared to a provision of $232,000 for the three months ending March 31, 1991. The Company's loan loss allowance balance as of March 31, 1992, was $2,529,000, or 2.3% of total loans, net. The September 30, 1991 loan loss allowance balance was $2,396,000, or 2.1% of total loans, net. Total assets classified as substandard, doubtful or loss as of March 31, 1992 were $9.6 million, or 6.4% of total assets. While management believes that the current allowance is adequate to absorb possible loan losses in the existing loan portfolio, there is no assurance that subsequent evaluations of the loan portfolio may not require additions to the allowance.

The non-performing assets to total assets ratio is one indicator of the exposure to credit risk. Non-performing assets of the Company consist of non-accrual loans, troubled debt restructurings, and real estate owned which has been acquired as a result of foreclosure or deed-in-lieu of foreclosure.

	At Quarter Ended 03/31/92	03/31/91	At Year Ended 09/30/91
		(In Thousands)	
Non-accruing loans . . .	$1,288	$1,042	$1,298
Accruing loans delinquent more than 90 days . . .	36	44	17
Troubled Debt Restructurings	971	1,475	1,058
Foreclosed Assets	885	1,522	1,391
Total Non-Performing Assets	$3,180	$4,083	$3,764
Total Non-Performing Assets as a Percentage of Total Assets . . .	2.13%	2.82%	2.60%

The total non-performing assets decreased to $3.2 million, or 2.13% of total assets at March 31, 1992 from $3.8 million, or 2.60% of total assets at September 30, 1991. The decrease in non-performing assets occurred primarily from the sale of real estate owned and $133,000 provision for loss on real estate owned.

Liquidity and Capital Resources

The Company's primary sources of funds are deposits, principal and interest payments on loans and mortgage-backed securities, FHLB-Des Moines advances and funds provided by operations. While scheduled loan, mortgage-backed amortization and short-term investments are a relatively predictable source of funds, deposit flows are greatly influenced by general interest rates, economic conditions, competition and, most recently, the restructuring occurring in the thrift industry. Current Office of Thrift Supervision regulations require the Bank to maintain cash and eligible investments in an amount equal to at least 5% of customer accounts and short-term borrowings to assure its ability to meet demands for withdrawals and repayment of short-term borrowings. As of March 31, 1992 and March 31, 1991, the Bank's liquidity ratios were 11.14% and 10.90%, respectively, which were in excess of the minimum regulatory requirements.

The Company uses its capital resources principally to meet its ongoing commitments to fund maturing certificates of deposits and loan commitments, maintain its liquidity and meet operating expenses. At March 31, 1992, the company has commitments to originate loans totalling $2.2 million. The Company considers its liquidity and capital resources to be adequate to meet is foreseeable short- and long-term needs. The Company expects to be able to fund or refinance, on a timely basis, its material commitments and long-term liabilities.

Regulatory standards impose the following capital requirements: a risk-based capital standard expressed as a percent of risk-adjusted assets, a leverage ratio of core capital to total adjusted assets, and a tangible capital ratio expressed as a percent of total adjusted assets. As of March 31, 1992, the bank substantially exceeded all regulatory capital standards.

At March 31, 1992, the Bank's tangible capital was $16,773,000 or 11.28% of adjusted total assets, which is in excess of the 1.5% requirement by $14,531,000. In addition, at March 31, 1992, the Bank had core capital of $16,773,000 or 11.28% of adjusted total assets, which exceeds the 3.0% requirements by $12,289,000. The Bank had risk-based capital of $18,120,000 at March 31, 1992 or 20.29% of risk-adjusted assets which exceeds the 7.2% risk-based capital requirements by $11,692,000. The Bank also exceeds all capital requirements on a fully phased-in basis.

Results of Operations

The Company's net income for the six months ended March 31, 1992 was $540,000 compared to $430,000 for the six months ended March 31, 1991. Net income for the three months ended March 31, 1992 was $201,000 compared to $129,000 for the three months ended March 31, 1991. The increase in income for both periods is primarily due to an increase in net interest income after provision for loan losses, offset by increases in total non-interest expense.

Net interest income increased by 19.2% to $2,603,000 for the six months ended March 31, 1992 from $2,183,000 for the same period in 1991. Net interest income increased by 24.1% to $1,408,000 for the three months ending March 31, 1992 from $1,134,000 for the same period in 1991. Net interest income increased during these periods primarily due to a reduction in interest expense. In this respect, the Company's cost of funds decreased from 6.2% at March 31, 1991 to 5.5% at March 31, 1992, reflecting the national trend of declining rates.

Provision for loan losses decreased to $150,000 for the six months ended March 31, 1992 compared to $232,000 for the six months ended March 31, 1991. Provision for loan losses decreased to $100,000 for the three months period ended March 31, 1992 compared to $232,000 for the same period in 1991. The provision for loan losses is established as part of management's review of assets. See "--Non-Performing Assets and Allowance for Loan Losses."

Total non-interest income increased 57.2% to $599,000 for the six months ended March 31, 1992 as compared to $381,000 for the same period a year ago. Non-interest income increased to $261,000 for the three months ended March 31, 1992 compared to $181,000 for the same period in 1991. The increases were due tc a $48,000 gain on the sale of investment securities, increased income from the Bank's subsidiary, First Service Corporation, increased loan and deposit fee income and the settlement of a claim with the Bank's bonding company.

Non-interest expense increased 32.8% to $2,003,000 for the six months ended March 31, 1992 as compared to $1,508,000 for the same period a year ago. Non-interest expense increased 53.5% to $1,090,000 for the three months ended March 31, 1992 as compared to $710,000 for the same period a year ago. These increases are due primarily to increases in compensation and related benefits, computer expense, professional fees provisions for REO property and loan collection expense.

Part II - Other Information

ITEM 4. Submission of Matters to a Vote of Security Holders.

The first Annual Meeting of Stockholders of the Registrant was held on January 21, 1992 (the "Meeting"). At the Meeting, shareholders voted upon the ratification of the adoption of the 1990 Stock Option and Incentive Plan of the Registrant (the "Plan").

The number of affirmative votes cast with respect to the ratification of the adoption of the Plan was 297,898. The number of negative votes cast with respect to the ratification of the adoption of the Plan was 5,025.

ITEM 6. Exhibits and Reports on Form 8-K

(a) A Form 8-K was filed on May 5, 1992 announcing an increase in the Company's quarterly dividend from $.12 per share to $.15 per share.

DAKOTA BANCORP, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dakota Bancorp, Inc.
(Registrant)

Date 5/14/92

Dean D. Gackstetter
President and
Chief Executive Officer

Date 5/14/92

Deborah S. Sneve
Vice President, Secretary
and Principal Financial Officer